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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 001553

SIPDIS

STATE FOR EAP, INL AND EB  
TREASURY FOR OASIA AND FINCEN  
DEA FOR OF, OFF  
NSC FOR BEERS  
MANILA ALSO FOR USED/ADB

E.O. 12958: DECL: 12/03/2012

TAGS: [SNAR](#) [EFIN](#) [BM](#)

SUBJECT: INITIAL MONEY LAUNDERING INVESTIGATIONS IN BURMA

REF: RANGOON 908

Classified By: COM Carmen Martinez. Reason: 1.5 (d).

[11.](#) (C) Summary: Burma has begun at least two investigations under its new money laundering law. It has frozen assets worth hundreds of thousands of dollars and applied to the courts for forfeiture of a variety of property connected with two high-profile narcotics cases. End Summary.

[12.](#) (C) Burma has moved with extraordinary speed to deal with problems of money laundering identified by the Financial Action Task Force. On June 17, 2002, it enacted a powerful new law which criminalized money laundering in connection with virtually every kind of serious criminal activity. A Central Control Board chaired by the Minister of Home Affairs was established in July and training for financial investigators was conducted in Rangoon and Mandalay in July and August. Most importantly, the first investigations under the new law were begun within weeks of its passage. Two cases, in particular, stand out. The first involves the Gold Uni Investment Company; the second is directed at Tuan Sin Htan, one of the principals in the October 2000 Fiji drug bust.

Gold Uni Investment Company

[13.](#) (C) On July 12, police officials in Hong Kong discovered 12.5 kilograms of heroin concealed within a shipment of raw jade stones from Burma. They relayed information to Burma's Central Committee for Drug Abuse Control (CCDAC), which immediately opened up an investigation. Numerous arrests followed. On July 19, Burma's new financial investigation unit was also tasked with pursuing leads in regard to bank accounts and currency transfers. As a result of the work of the financial investigation unit, CCDAC has now filed under the new money laundering law for forfeiture of assets worth approximately Burmese Kyat 166 million (i.e., USD 166,000). The assets include four residential buildings, one poultry feed factory, five automobiles and one motorcycle, and five raw jade stones. In addition, CCDAC has filed for a court order freezing all savings and checking accounts of suspects in the case, and is auditing eleven other accounts to determine if there is any further cause for action against other individuals.

Tuan Sin Htan

[14.](#) (C) On October 28, a multinational investigation team seized 357 kilograms of heroin in Suva, Fiji. Shipping documents pointed to a Burma-based trading company, KMT Trading Enterprise. CCDAC opened an investigation and, using powers granted under both its 1993 Narcotics Law and the new money laundering law, identified the following assets for forfeiture: 12 buildings, one golf course, one recreation center, two orange groves, two vehicles, three heavy construction vehicles, and one plot of undeveloped land. It also froze all of the checking and savings accounts of the company and seized cash totaling approximately Burmese Kyat 31 million (i.e., USD 31,000).

Comment

[15.](#) (C) The Burmese police have not hesitated to use the powers granted by the money laundering law. What is surprising is that, at least to date, they have been careful to ensure that the law is applied only in clearly criminal cases. This is important, because the powers in the law are truly extraordinarily. Basically, it states that the government has the right to seize the funds or property of anyone who cannot "clearly prove with valid evidence" how he obtained the money or property in question. Since almost no one can prove the source of funds in Burma, where record-keeping is a lost art, this means, in effect, that all funds on deposit in the banking system are potentially at risk and any indiscriminate investigations could provoke a panic. Sensitive to this, police have focused on clearly criminal cases, at least to date. Nevertheless they have produced some striking results and could produce more as they become more familiar with financial investigations.

